

McLean & Brown

August 7, 2003

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20054

Re: CC Docket 01-92

Dear Ms. Dortch:

On August 6, 2003, the following representatives of rural telephone companies met with Victoria Schlesinger of the Pricing Policy Division of the Wireline Competition Bureau to discuss intercarrier compensation issues: Charles Fast and Rod Thompson of Consolidated Telephone Company, Larry Hunt of FairPoint Communications, S. Michael Jensen, Ken Pfister, Mike Pinguoch, and Mike Urdahl of Great Plains Communications, Steve Watkins of Kraskin, Lesse and Cosson, Gerry Anderson of Mid-Rivers Communications, Don Bond of Public Service Communications, Charlie Cooper of TELEC Consulting and the undersigned. The attached document was used during this discussion.

If you have any questions, please contact me.

Sincerely,

/s/ Glenn H. Brown
Glenn H. Brown

Cc Victoria Schlesinger

Intercarrier Compensation Discussion Issues

- **Is the current system so broken that it cannot be fixed?**
- **Much of the traffic on rural carrier's network is carried for others. Is it wrong to expect reasonable compensation?**
- **If all intercarrier compensation is eliminated, will rural carriers have the incentive and/or the ability to grow their switching and transport networks?**
 - **As network usage grows?**
 - **As networks migrate to broadband applications?**
 - **Will a zero price for switched access and transport cause volumes to grow?**
- **Rural carriers currently recover their costs from three sources 1) End Users, 2) Intercarrier Compensation, and 3) USF. If intercarrier compensation goes away, can end-users and USF pick up the slack?**
- **Is it reasonable to expect the same solution to work for the RBOCs and the small rural carriers?**
- **With recent interstate access reductions (e.g., CALLS and MAG) the larger issue is on the intrastate side. Can the interstate problems be solved in a vacuum?**

ELEMENTS OF THE SOLUTION

- **The currently open *USF Portability* proceeding must be resolved first.**
- **There needs to be a better understanding of the problem prior to assuming any one solution is optimal.**
- **It should be a federal crime to tamper with the labeling of an interstate message.**
- **Any solution must recognize that when the assets of one party are used to create value for another party, the owner of the underlying asset deserves fair compensation.**